

## Lift and escalator expo begins in Dhaka

STAR BUSINESS DESK

The 4th edition of "Global Elevator and Escalator Expo 2022" started at the International Convention City Bashundhara in Dhaka yesterday with a view to promoting and developing the excellence of elevators, escalators, and lifts in the country's fast-growing housing industry.

Enamul Haque, member of parliament from Rajshahi-4 constituency, inaugurated the three-day exhibition as chief guest, a press release said.

Nearly 50 companies from home and abroad are exhibiting their escalators, elevators, lifts, and various safety equipment at the expo.

Organised by Karnataka-based Virgo Communications and Exhibitions, supported by the Bangladesh Elevator, Escalator and Lift Importer Association (BELIA), the exhibition on elevators and escalators remains open to all visitors from 10:00 am to 07:00 pm every day.

"The exhibition has immense importance in the development of the housing industry," said Anita Raghunath, director of Virgo Communications and Exhibitions.



Visitors and representatives of elevator, escalator and lift manufacturers engage in talks at the 4th edition of a "Global Elevator and Escalator Expo 2022" at International Convention City Bashundhara in Dhaka yesterday.

PHOTO: COLLECTED

## Stocks rebound amidst liquidity surge

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Bangladesh's bourses finished the week on a rebounding mode amidst a surge in the liquidity flow from investors.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), gained 32.67 points or 0.51 per cent to reach 6,410 yesterday.

The DSE 30 Index and DSEX Shariah Index closed higher too prior to the weekend beginning with Friday today.

The CASPI, the all-share price index of Chittagong Stock Exchange (CSE), also made gains, according to the CSE weekly market report.

Cautious investors showed interest in making purchases late in the week on finding some stocks at lucrative prices following a massive price erosion due to a crisis of confidence, said International Leasing Securities in its weekly market review.

The stock market regulator, Bangladesh Securities and Exchange Commission, resolved a matter over encashing cheques in the week that revived investors' participation, it said.

The daily average turnover climbed 53 per cent week on week to Tk 1,094 crore from Tk 716 crore on the previous week, according to the DSE data.

Beximco, Orion Pharma and Navana Pharmaceuticals topped the week's turnover chart.

Turnover crossed Tk 1,500 crore yesterday after one month.

## Only 8 treasury bonds, bills traded in 19 days

Low awareness impeding govt securities trade, BSEC says

STAR BUSINESS REPORT

Eight treasury bonds and bills have changed hands on the secondary market in the last 19 working days since the trading was allowed on October 10.

A total of 250 treasury bills and bonds, with tenures of two to 20 years, were tradable on that day with a market capitalisation of Tk 316,808 crore.

It ended a wait of over a decade and offered one more investment tool to retail investors of the Dhaka and Chattogram stock exchanges who are reliant on only shares and mutual funds.

However, experts say the volume of the secondary trade was not up to the mark.

Adequate advertisements have not been run to attract people and demand has not been created, said Shaikh Shamsuddin Ahmed, a commissioner of the Bangladesh Securities and Exchange Commission (BSEC).

"In the absence of adequate advertisements, some people spread rumours that investors will need to take permission from the stock market regulator to buy the securities," he said.

"But, in reality, investors can buy these through their beneficiary owners' accounts like shares," he said.

"We need to make people aware that the securities can give them a fixed income over the years and these are well secured," he added.

The BSEC commissioner was addressing a discussion titled "The Basics on Government Securities and Trading on the Exchange Platform" organised by the Dhaka Stock Exchange on its premises on Wednesday.

Banks and financial institutions are the main investors of the government securities and they are mainly conducting trade through the central bank instead of the stock exchange platform, said M Shaifur Rahman Mazumdar, managing

director (acting) of the DSE.

Until the institutional investors trade the securities on the bourse platform, the debt trading board will not witness movements as per expectations, he added.

Representatives of primary dealers present at the event pointed out some problems such as low knowledge of brokers on the securities' valuation, high tax and brokerage commission and lengthy trade settlement periods.

After the government securities became tradable, market capitalisation of the DSE to the GDP rose to 18 per cent from the previous 15 per cent, said Md Eunusur Rahman, chairman of the Dhaka bourse.

Now the stock investors can grab the benefits of investing in fixed securities, he said.

The present commission is trying to ensure product diversification in the market and institutional investors and general investors need to respond positively, he added.

## Renata's Rajendrapur facility gets US FDA approval

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Drug maker Renata Ltd has secured approval from the US Food and Drug Administration (US FDA) for its general facility in Rajendrapur.

As per the company, the approval translates to the 1,08,458 square feet facility capable of manufacturing and packaging tablets and capsules, being of international standard.

"With this approval, the company expects to make inroads into the US market with plain generics. This approval proved the quality of drugs of Renata," Md Jubayer Alam, company secretary, told The Daily Star.

The drug-maker also made an announcement in a filing on the Dhaka Stock Exchange.

Investors, however, remained indifferent following the disclosure as shares of the drug maker closed unchanged at Tk 1,303.20.

Presently, the UK and European Union are Renata's major export markets.

Renata said the approval came about after it had applied for marketing Metoprolol Tartrate tablet, which is prescribed for hypertension.

Renata has applied for US approval of seven products, said Alam. Of these, Rolip, a medicine for lowering cholesterol, is sold in Bangladesh.

At present, three local drug makers – Eskayef Pharmaceuticals, Square Pharmaceuticals and Beximco Pharmaceuticals – have the US FDA's approval to export products.

Earlier this year, Eskayef Pharmaceuticals received approval for its solid dosage manufacturing facility, Faraaz Ayaaz Hossain Building, located in Tongi, Gazipur.

Renata booked a profit of Tk 511 crore in the financial year of 2021-22 whereas it was Tk 503 crore in the previous year.

The company recommended 140 per cent cash and 7 per cent stock dividend for the year ending on June 30, 2022.

The drug maker's market capitalisation stands at Tk 13,969 crore.

Renata, which started its operations in 1972 as Pfizer (Bangladesh), makes drugs and animal health products.

In 1993, Pfizer transferred the ownership of its Bangladesh operations to local shareholders and the name of the company was changed to Renata.

## US trade deficit widens

AFP, United States

The US trade gap widened in September after five straight months of decline, government data showed Thursday, on cooling food and energy exports while imports of products like semiconductors and consumer goods picked up.

Although companies had rushed to replenish depleted inventories to meet strong demand from consumers, analysts caution that domestic demand in the United States would weaken while a strong dollar and slowing global growth bog down exports.

## F-commerce plagued

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pay an additional 15 per cent VAT since the payment is made through a third-party agency.

"In that case, the price goes up Tk 135 to Tk 140," said Hossain, adding that many F-commerce platforms have no such business identification numbers.

AKM Fahim Mashroor, chief executive officer of Delivery Tiger, a digital SME parcel aggregator, said luxury products sellers are particularly facing difficult times due to the higher cash margins required for opening letters of credit (LCs).

In June, the Bangladesh Bank set the LC opening margin at 100 per cent and 75 per cent for the import of luxury and non-essential products, respectively, in a bid to discourage their purchase and save foreign currencies.

Nasima Akter Nisha, president of the Women and e-Commerce Trust, a Facebook-based community marketplace for women entrepreneurs, said although the price of the products is rising, the income of people is not, which is affecting the sales of F-commerce platforms.

"The hike in the raw material prices has raised the production cost and customers are asking why

the price is rising. These issues are negatively impacting the women entrepreneurs."

Another reason for the falling e-commerce sales is that courier, delivery and logistics service providers have increased their rates recently in response to the hike in fuel prices, according to the industry people.

The country's top courier and logistics service providers have increased their charges by around 20 per cent since August after the government raised the prices of diesel and kerosene by 42.5 per cent. The price of petrol and octane has gone up by 51.1 per cent and 51.7 per cent.

Since the hike in fuel bills will surely be passed on to end consumers, an item that previously cost about Tk 500 will now be priced at about Tk 600, said one entrepreneur.

Nisha urged women-run businesses to keep patience and hold on to the entrepreneurial spirit to surmount these setbacks.

Women owned 70 per cent of Facebook-based businesses opened since the pandemic and there has been an increase of more than 65 per cent in Instagram businesses owned by women, said Meta, the owning company of Facebook, in March.

## State lenders asked

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The central bank has recently sent a report on the financial condition of six state-run commercial banks to the finance ministry to place it to the IMF.

Defaulted loans in four state-run banks totalled Tk 44,412 crore in June, accounting for 35 per cent of the outstanding non-performing loans in the banking sector.

The banks have also been asked to gear up the default loan recovery process after they showed a lacklustre performance between January and June.

They collectively recouped defaulted loans amounting to Tk 613 crore in the first half of 2022, far below from Tk 3,910 crore target set by the BB for them for this year.

The central bank also asked the banks to strengthen their provision base as a majority of them are now in the red, the managing director said.

With an exception of Sonali Bank, Janata, Agrani and Rupali faced a large provision shortfall in June.

For instance, Agrani and Rupali witnessed a provision shortfall of around Tk 3,000 crore each when Janata's deficit stood at Tk 640 crore.

Banks in Bangladesh have to keep provisioning ranging from 1 per cent to 5 per cent for unclassified loans while the ratio is between 20 per cent and 100 per cent for three categories of defaulted loans.

The central bank also instructed the banks to fortify their capital base as they have been unable to maintain it in line with Basel-III guidelines.

## Bank of England hikes interest rate

AFP, United Kingdom

The Bank of England on Thursday announced its biggest interest rate hike since 1989 to combat sky-high inflation that it warned was pushing Britain into a recession set to last until mid 2024.

Following a regular meeting, the BoE said it was lifting borrowing costs by 0.75 percentage points to three per cent – the highest level since the 2008 global financial crisis – to cool UK inflation that it sees shortly peaking at a four-decade high near 11 per cent.

"It is a tough road ahead," BoE

governor Andrew Bailey told a press conference.

"The sharp increase in energy prices caused by Russia's invasion of Ukraine has made us poorer as a nation. The level of economic activity is likely to be flat and even fall for some time," he warned.

The latest rate increase mirrors aggressive rate-tightening by central banks worldwide as food prices and energy bills soar.

On Wednesday, the US Federal Reserve sprang a fourth consecutive hike of 0.75 percentage points – and its boss Jerome Powell suggested they would go higher

than expected.

The BoE said British inflation would peak at 10.9 per cent this year, but with the level so high, analysts said the central bank rate could hit as high as five per cent in the coming months.

Minutes of its meeting warned of a "challenging outlook for the UK economy" that was "expected to be in recession for a prolonged period", dealing a blow to Britain's troubled government.

The BoE said the economy had shrunk since the third quarter, entering a technical recession that is forecast to last until the first half

of 2024.

The pound tumbled two percent against the dollar on expectations of a long-lasting recession.

"A typical textbook trade is out of the window because currencies usually move higher when a central bank increases rates," noted Naem Aslam, chief market analyst at Avatrade.

"Tough times are ahead, and we are going to see the economy, markets, and the currency tanking in the coming months."

London's FTSE 100 shares index fared better, losing about half-a-per cent.

## Weary investors see little respite to Fed hike gloom

REUTERS

Investors trying to navigate this year's relentless interest rate rises have more reasons to play it safe, after a pessimistic message from the US Federal Reserve clouded the outlook for asset prices.

For the better part of last month, traders plunged into stocks and bonds on hopes that the Fed would signal a downshift in the hawkish monetary tightening that has battered asset prices all year, taking the S&P 500 up 8 per cent in October.

Yet Chairman Jerome Powell's message at Wednesday's press conference – which followed its fourth straight 75 basis-point rate increase – did little to bolster the case for a less hawkish Fed.

While Powell signalled that future rate hikes may come in smaller increments, he also said the "ultimate level" of the benchmark policy rate would likely be higher than previously estimated and policymakers have "some ways to go"

until inflation is defeated.

Traders were quick to react. Rates expectations in futures markets rose across the board, with the so-called terminal rate now seen peaking at around 5.1 per cent in June, compared with around 5.02 per cent before the meeting began. The S&P 500 fell 2.5 per cent while yields on the benchmark 10-year US Treasury, which move inversely to prices, climbed 4 basis points to about 4.09 per cent.

"Every time that there's been a rally in the equity markets...we talked about the need to still be defensive," said Gargi Chaudhuri, Head of iShares Investment Strategy, Americas, at BlackRock. "So, we're still remaining quite defensive equities...especially after this press conference."

Indeed, hopeful rallies followed by swift reversals have been a feature of asset prices this year, during which the S&P 500 has bounced by 6 per cent or more four times only to reverse and make a new low. The index is down 21 per cent year-to-date.

Meanwhile, a rebound in bonds saw 10-year Treasury yields fall to 2.7 per cent over the summer before soaring to 4.3 per cent last month.

Troy Gyeski, chief market strategist at FS Investments, believes that even after the Fed finishes hiking rates, it will likely be slow in bringing them down, meaning it may be "months and quarters" before it makes sense to aggressively buy risky assets.

"The Fed wants tighter financial conditions, it always gets what it wants," he said. "It's a tough place to be for fixed income and equities."

Of course, plenty can change between now and the Fed's December meeting. Investors are bracing for US employment data on Friday for clues on whether the Fed's rate hikes have begun to erode the economy's strength.

The coming week also brings the monthly US consumer prices report, which has been an important inflection point for markets as inflation has surged to its highest level in decades.